



Implementation of a Shared Service Center in a University – a case study

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Biographic Note

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Abstract

The Shared Services Center (SSC) model is typically characterised by the existence of a semi-autonomous business unit (Bergeron, 2003) within a company that concentrates some of the company's non-core business processes, in order to deliver quality and timely service to its customers (the company's business units and/or its headquarters). The SSC model is gaining importance, since it promises, and has been shown to produce efficiency, an increase in the levels of service provided to customers, and cost reductions (Bergeron, 2003).

This research, studies the implementation and the main challenges faced by a Portuguese public university currently implementing a SSC. An exploratory and explanatory research approach was chosen, based on a case study, due to the difficulty of studying this topic out of its context.

The case study revealed that the organization in analysis followed, in general terms, the steps described by IMA (2000) to undertake a successful SSC implementation, although some steps were carried out in a different sequence – in particular, the change management plan, the definition of Service Level Agreements and the development of the SSC governance structure. Overall, it was clear that there was a very high resistance, which was traced to several factors, the most important of which was lack of communication.

Key-words: Shared Services Center (SSC), Implementation; University; Public Sector

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1. Introduction

When facing a more competitive market, managers are pushed to explore other business models beyond the traditional ones, such as decentralisation, centralisation, outsourcing or in-sourcing (Bergeron, 2003).

According to Malcolm (1999), the SSC model emerged within a wide corporate restructuring process which has gone through several stages, starting with centralisation (around 1950-83), moved towards the decentralisation model (around 1980-99), and culminated with the SSC (1985-1999) (Herbert and Seal, 2010), although each model has its own weaknesses and strengths.

The SSC model “was formalized in the early 90’s as a means to reduce costs while maintaining control over the product or service” (Bergeron, 2003) in private companies. Schulman *et al.* (1999) state that one of the first issues to be considered when creating a SSC is which activities to include. During the 1990’s, SSCs were mainly used to carry out activities related with financial transactions, human resources and information technology – and these functions are still the most often moved into a SSC, according to Deloitte (2013). The SSC model has gained the interest of organizations, from both the public and the private sectors, since it promises, and has been often successful, to deliver efficiency and cost reductions. In spite of significant differences between the private and public sectors, insights from the adoption of SSCs in the private sector have been used in public sector.

Although studies about the motivations to constitute a SSC and about the overall advantages of such organizational form are quite common (Herbert and Seal, 2010; Janssen and Joha, 2006; Schulz and Brenner, 2010), the same does not happen about the SSC implementation processes and their challenges. Moreover, studies about SSCs in the private sector are quite numerous, unlike studies about public sector, which is the sector this study will focus on. In fact, “there has been little scientific interest in (...) public sector shared services (Walsh *et al.*, 2008)” (Becker *et al.*, 2009, p. 1). In spite of some differences, it is plausible that SSC implementation in both sectors may be implemented taking into account some guidelines and critical success factors, such as those related with organizational change and effective communication.

In order to attempt to fill this gap, this research studies the implementation process and its challenges in a public university shared service center, the *Serviços Partilhados da Universidade do Porto*, henceforth identified as SPUP. Due to the difficulty of studying this subject out of the context, a qualitative, exploratory approach was selected, and a case study will be the basis of research (Yin, 2009).

The two following research questions are addressed:

- “What were the stages for implementing the Shared Service Center SPUP?”
- “Which were the implementation challenges faced by SPUP?”.

SSC in public universities have been studied in countries such as USA, Australia and UK, and this is a chance to study a SSC in a public university in the particular Portuguese context. This study may influence the business models of other universities and it can provide useful practical insights for the case organization, since the researcher has an external view of the organization.

In the second chapter I will develop important concepts based on a literature review of the theme, presenting a SSC definition and a comparison between centralization, decentralization and outsourcing, comparing differences between public and private SSC and describing the implementation stages and an explanation of critical success factors. Further on this chapter the change management definition and the motives for resistance to change will also be explained.

The case study methodology used in this study will be described in the third chapter, moving forward and in order to understand the organization in study, a brief presentation of UP as well as SPUP will be presented in chapter 4.

In chapter 5, a description and analysis of the case study, the steps followed by SPUP until the SSC implementation and the challenges faced during the implementation stage will be presented. It is in this chapter that the main relevant aspects to the case will be addressed. The findings are further discussed in chapter 6. Finally, the last chapter presents the conclusions of the present study, its limitations and suggestions for future work.

2. Literature review

This chapter presents a theoretical background about the main topics and relevant concepts related with SSCs to set the basis for the empirical study. Firstly, it introduces several definitions of SSCs, their characteristics and main advantages. The centralization, decentralization and outsourcing alternative models are also outlined and compared. The SSC's implementation stages are then presented as well as some relevant aspects to take into consideration during implementation which are called critical success factors. Finally it will be described how to manage change, and further the most noted factors which drive to organizational resistance to change.

2.1 Shared Services Centers

A SSC is a sourcing arrangement model that provides companies an internal support service to its customers (the business units) while retaining in-house the company's core activities, hence having a long-term and strategic impact (Bergeron, 2003). SSC definitions (Bergeron, 2003; Moller, 1997; Quinn *et al.*, 2000; Schulman *et al.*, 1999) share important similarities, but may differ in some aspects. The definition by Bergeron (2003) is representative:

“A collaborative strategy in which a subset of existing business functions are concentrated into a new, semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market.” (Bergeron, 2003)

According to Schulz and Brenner (2010), differences in SSCs definitions are common. Although the main characteristics are implicit in almost all definitions, others may depend on the context, especially when making some distinction between public and private SSC.

A SSC is a concentration of companies' existing functions to deliver quality and timely service to the SSC customer (the company's divisions or business units). A SSC may promote efficiency and cost savings, while enhancing corporate value allowing operating units to focus on the organization's core business (Herbert and Seal, 2010; Schulz and Brenner, 2010). By concentrating support functions into a new business unit, managers in other business units can concentrate in its goals and strategy and focus on solving their

business unit problems, hence promoting overall organization growth and success. Indeed, the SSC model represents a quiet revolution in back-office services.

A SSC allows companies to reduce costs (Quinn *et al.*, 2000), which is usually the major motivation to implement shared services (Deloitte, 2013; Triplett and Scheumann, 2000). Standardisation of processes and moving the center to a low cost location, for example, are drivers of cost reduction (Kurt Salmon, 2013).

Some authors highlight that SSC produces economies of scale (Herbert and Seal, 2010; Salmon, 2013) and thereby enable effectiveness gains (Bergeron, 2003) and better service provided to (internal) customers (Davis, 2005; Ulrich, 1995). According to IMA (2000), the optimal benefits of SSCs are obtained when technology can be leveraged to achieve economies of scale. However, the limitation that may be imposed by the center to only use internal resources, i.e., resources that were already within the company before the SSC was created, may reduce such potential (Janssen and Joha, 2006).

When using a SSC, business control and knowledge is kept inside the company (Herbert and Seal, 2012) taking advantage of the company's existing knowledge and culture (Ulbrich, 2006). Additionally, it may promote synergies and increase mutual learning (Janssen and Joha, 2006). According to IMA (2000), in SSC individuals pool their experiences together, allowing the use of best practices to solve organizational problems; in addition this knowledge transfer may mitigate the problems concerning staff turnover.

Keeping non-core activities in-house may reduce the exploitation risk (the risk of making use of company's resources to other benefits that are not their own) and related dependencies (Willcocks *et al.*, 1999). The working performance contract, containing informal and/or formal arrangements (Moller, 1997) between the service center and their customers (the Service Level Agreement, SLA) fosters a higher degree of mutual trust (Herbert and Seal, 2010) and also promotes consistent and satisfactory levels of service (Janssen and Joha, 2008; Salmon, 2013). SLAs are used to plan and monitor the service provided (Herbert and Seal, 2010). "Internal customers (other business units) can expect service providers within the shared services business unit to be responsible for and responsive to meeting their service requirements" (IMA, 2000), since the SSC works as

a partner to the other business units, and those have the right to demand a certain level of services (Schulman *et al.*, 1999) as accorded in SLAs.

Since “a SSC is usually a separate organizational unit within an organization” (Ulbrich and Schulz, 2014), it is often perceived as an external company. This means that SSCs may also face pressure from competitors – although this aspect is one of the characteristics that may differ in SSCs in the public sector, according to Schulz and Brenner (2010), since this pressure may not exist or be substantially lower.

Standardization, elimination of duplicate systems and processes and process re-engineering are other goals of shared services (Herbert and Seal, 2010). For this, Enterprise Resource Planning (ERP) systems are often involved in this search for standardisation of processes and greater efficiency (Herbert and Seal, 2012).

It should be clarified that only support activities can be bundled in shared services (Ulbrich, 2006). Shared Service Centers started to be implemented in the early 1990s in the USA and at this time only accounting and finance activities were included (Moller, 1997). Nowadays, other functions such legal, facilities, human resources (HR) and information technology (IT) are also often included. For instance, according to Deloitte (2013), finance, IT and HR are the function most often moved into a center, as already mentioned.

Although SSCs may have many benefits, they require an organizational change, which may lead to some problems if it is not conducted properly. Therefore, the development of a change management plan is needed to reduce or eliminate the resistance to change from all organizational levels and, moreover, to stimulate their commitment, support and buy-in through meaningful and clear communication.

Many characteristics of SSCs described in this section are also characteristics of other sourcing alternatives or business models such as centralization, decentralization and outsourcing. In the following sections, a more accurate comparison and similarities will be presented.

2.2 Alternative organizational models

2.2.1 Centralisation and Decentralisation vs SSC

SSC originates from a hybridization of traditional models aimed at capturing the benefits of both centralised and decentralised arrangements, while capturing value to the company (Bergeron, 2003).

In the centralisation models, when a company concentrates disperse business activities (similar to what happens in a SSC), it can reach economies of scale. For example, Bergeron (2003) states that by concentrating the purchasing function the company may benefit of greater buying power. On the contrary, in the decentralisation model this advantage cannot be achieved. Another benefit from centralization is the aggregation and standardisation of processes (Janssen and Joha, 2006). By aggregating business functions, duplications are likely to decrease and the center become more efficient, in a process of elimination of redundant functions that exist in a decentralised model.

The main difference between the centralisation model and the SSC model, is that in centralisation the processes and services are concentrated in headquarters where they are collected and standardized. On the other hand, in a SSC those functions are concentrated in an individual business unit within the organization, providing the service for the remaining organizational units (Schulman 1999), and the effort to achieve the best customer service is likely to drive the decision regarding the location of the SSC (IMA, 2000).

In a decentralized group, the units providing the support services are spread over the group and are only provided to those units for which they are responsible, whereas a SSC is an independent company within the group that provides the service to the others business units (Ulbrich, 2003, cited in Davidsson and Karlsson (2005)). The biggest advantage of the decentralisation model is its inherent flexibility, adapting very fast to new conditions and offering a customer-oriented service. On the other hand, costs are often neglected and there may be poor integration within the organization (Bergeron, 2003).

As a summary, and according to Ulbrich (2003) “centralisation is often seen as being remote and unresponsive to clients while decentralisation can be seen as leading to higher

costs, duplicated effort and variable standards”. So, we may perceive SSC as an ideal combination of these business arrangements, which integrates the benefits of economies of scale from the centralisation models and the customer-oriented focus from the decentralisation model (Janssen and Joha, 2006).

2.2.2 Outsourcing vs SSC

Discussing SSC requires discussing outsourcing as an alternative sourcing arrangement (Janssen and Joha, 2006). Herbert and Seal (2012) referred SSCs as an alternative approach to outsourcing and Janssen and Joha (2006) state that the decision to introduce a SSC competes with the decision to outsource.

Outsourcing is a sourcing arrangement wherein the company contracts a third party vendor who provides the service upon a payment for a certain contracted period (Willcocks and Kern, 1998). Therefore, in this business model, instead of using internal resources, the company uses external resources.

More important than defining outsourcing, is to compare the characteristics and advantages of this model with those of the SSC model. When deciding which business model to use, we need to understand the company’s strategy. When the functions at stake have a long term and strategic impact, managers should favour the SSC model since, although it has a high start-up cost, the investment is more likely to be recovered through future cost savings. On the other hand, outsourcing is more attractive when the tasks to be performed required a high level of a specific skill and are likely to be performed more efficiently by someone totally specialized on those tasks, although the specific requirements of such function may be low. Starts-up costs in the outsourcing model are quite low.

Therefore, the advantages most commonly associated with both business models is cost reduction, improved efficiency and better use of IT (Herbert and Seal, 2009). The first big difference is that outsourcing is about contracting out the services (Willcocks and Kern, 1998), whereas SSC is an independent organisational entity which provides well defined services for more than one unit (which may be a division or a business unit) within an organisation (Moller, 1997), meaning that services are retained in-house. As seen

above when discussing SSC definitions, in this type of model the knowledge is kept inside the company, but if the company decides to outsource it may lose knowledge.

The relationship with the customers is also different for both arrangements. Whereas SSCs create a connection between many customers (company's business units) and one internal vendor, outsourcing addresses the relationship between one client and one or more external vendors (Janssen and Joha, 2006). The relationship with internal customers is closer in a SSC arrangement, which gives better conditions to continuous improvements and therefore better use of best practices. Both models are created under a contract (formal and/or relational) where parties establish responsibilities and levels of services delivery in a Service Level Agreement (SLA) (Janssen and Joha, 2006; Moller, 1997). By opting for a SSC instead of outsourcing, the company may reduce the risk of exploitation (Herbert and Seal, 2010), as it was explained earlier.

Focusing on the public sector (further analysed below), Janssen and Joha (2006) identified numerous motives for implementing a SSC in a public sector administration and compared the results with the motives for outsourcing found in literature. In general terms, the public sector has particular characteristics whose consequences for SSCs must be suitably explored; this is done in the following section.

2.3 SSC in the public sector

SSCs were first introduced in the private sector and extended to the public sector later on, and insights from the private sector have been used in the public sector. According to Accenture (2005), SSCs can improve public-sector value. Advantages perceived in the private sector are also perceived to exist in the public sector, but “not all characteristics seem to be equally relevant for the public and private sectors” (Schulz and Brenner, 2010).

According to Schwarz (2014) in US, during a financial crisis the public administrations realised that they could not afford the duplication of their support processes within each business unit and could not deny the benefits of economies of scale and specialization. Janssen and Joha (2006) argued that one of the differences between private and public sectors is that while in private SSC organizations look for cost reduction, in the public sector organizations look for the efficient use of public funds while providing superior

service. The public SSCs “also face some other inherent complexities. They can be limited in how to meet organizational goals because of legal and political constraints. They typically must be responsive to multiple stakeholders, face budgetary pressures, seek scarce financial sources, align with multiple, regulated procurement processes, and yet have little or no authority to independently participate in integrated programs. As a result, decision making can be especially time-consuming (...)” (Tomasino *et al.*, 2014).

As it happens in the private sector, by standardizing and aggregating services and systems of the different units, “the costs can be shared among the agencies, innovations out-of-reach might become feasible, and the money freed can be used to improve service levels without any of the agencies having to give up their autonomy” (Janssen and Joha, 2006, p. 103)

In a nutshell, SSCs in the public sector share similarities with SSC in the private sectors, but also face a considerable number of specificities which need to be considered when designing and implementing a SSC.

2.4 SSC implementation Process

The motives for implementing a SSC were described in the previous sections. But before the implementation itself, the company has to overcome some issues and answer some questions, such as deciding about the location and the functions to move into the SSC. Moreover, the company needs to ensure that it meets the necessary preconditions to proceed with the implementation process. According to Schulman *et al.* (1999), the implementation of a SSC is a serious organizational change that needs to be mapped out and planned in order to avoid errors that may make the implementation of a SSC to fail. Now, I analyze the various phases of a SSC implementation that need to be planned, and the critical success factors required to achieve the desired goals.

2.4.1 Phases of SSC implementation

The Institute of Management Accountants (IMA, 2000) developed a path to follow while implementing a SSC. The institute assumes that “there is no one implementation approach that is right for every organization”, but it believes that the stages it presents should be part of the SSC implementation of any organization, even if adaptations are required to organizational specificities.

Four key phases should be followed to successfully drive the implementation of a shared services approach: a) assess opportunities; b) design the SSC; c) implement the SSC; and d) optimize the shared services. These phases comprise steps which will be explained now.

2.4.1.1 Assess opportunities

The phase of assessing opportunities includes a description of the processes, people and technology involved. To better understand this phase, IMA divided it into distinct steps:

- **Determine the scope of the effort:** the scope has to be clearly stated to be applied consistently over the implementation. The first step is to decide the geography, the location where the SSC will operate and if the target location has all the needed resources. Then, the decision about the business units that will be included is important to define the complexity levels of the SSC arrangement. Moreover, the decision about the functions and processes depends on whether the services are critical or non-critical to the core business, and whether the service will be provided for one or more business units. It is important that, once defined, the scope is not allowed to expand.
- **Organize and build the project team:** the team is the responsible for the project recommendation so it is crucial that the project team is organized as soon as possible. The team must be as small as possible to be flexible and fast and big enough to include representatives of critical functions and customer group. The team members should be trained and should have a shared vision and complementary skills.
- **Develop a vision and direction:** this task will guide the implementation, it is the stage where expectations of implementation outcomes will be stated in order to gain top management buy-in and support. According to Schulman *et al.* (1999), the explanation of how the arrangement will solve problems easier, will make people's jobs more stimulating and challenging. Moreover, it may also contain the structure, functions and benefits of the SSC and also the relationship with other business units within the group; those outcomes play an important role, since at this stage the team can decide if should exclude or definitely include some function from the SSC.

If business units are anticipated to resist the SSC concept, significant time will need to be spent in defining benefits in terms that the business units will accept. To achieve this goal, an effective communication plan has to be built to ensure that the progress of the SSC effort toward its goals is well known and understood.

- **Build an understanding of the current processes and costs:** indentify improvement targets to meet expectations and requirements of internal customers. The project team in this stage must understand the major weaknesses and opportunities for improvement of the SSC.
- **Develop a business case for change:** the development of the business case aims to benchmark internal and external best practices and it is used to have top management support to the next phase of the implementation process. According to Salmon (2013), the business case helps to justify the need for transition and gain the commitment of the executives. At this stage the team must also prepare cost maps, and not only focus on the benefits. Taking into consideration the organizational change inherent to this kind of arrangement, the business case must also include an initial change management plan and the proposed communication plan to reduce the resistance to change and reduce misunderstandings regarding the staff involved in the SSC migration.

This first stage of SSC implementation must give the maximum amount of information possible to staff enrolled in this change process so that they understand and support the organizational change.

2.4.1.2 Design the SSC

In the second phase of SSC implementation, the team must design the SSC, involving a number of specific tasks:

- **Performance location analysis:** in this step, a careful and detailed analysis of possible sites will take place, including the type of space needed, staff availability and education, costs, financial incentives, taxes and political environment. To accomplish this task, the team must analyze all key resources for the implementation such as space, people and infrastructure. Schulman *et al.* (1999) developed a fifteen location criteria to help in the analysis.

- **Design standard processes:** standardization is one of the benefits of a SSC which allow cost and performance improvements and increase the efficiency of existing resources, both human and physical. The team management must be aware of the areas that need to be standardized and improved, but this process is an ongoing one, since standardization is not done all at once. This information comes from the constant dialog between the team and SSC's employees and customers, which will lead to an overall commitment to change which is crucial for both standardization and the whole SSC implementation itself. The use of common systems, especially common Information Technology (IT), will improve quality and reduce costs (Schulman *et al.*, 1999).
- **Assess business risks and control environment:** as any business, a SSC has its risks, since it is a separate business unit within the organization (Ulbrich and Schulz, 2014). The team must develop a risk management plan including four key activities: risk identification, which implies the description of any source of risk that can affect the implementation; risk quantification, to evaluate the impacts of the identified risks on the SSC outcomes; risk response development, a mitigation plan to face the risks which can take three paths: avoidance, mitigation, or acceptance; and risk monitoring and control, an activity that will draw on the previous steps to respond to the risks that will be detected.
- **Develop service levels agreements (SLA):** as already described, an SLA is a contract between the SSC and its customers, and it is used to plan and monitor the service provided (Herbert and Seal, 2010). Since an SSC is market-driven (Bergeron, 2003), it may suffer external pressure from external competitors, so it needs to be aware of competitors to remain a viable entity for its customers. Therefore, SLAs are seen as a governance tool (Salmon, 2013).
- **Develop the SSC governance structure:** the governance of a SSC plays an important role, since this governance is responsible for setting goals and rewards, establishing the SSC policy, adding functions to the SSC and many others tasks with relevant impact on SSC management. The composition of this structure will depend on the organization and there are many alternative ways of structuring the governance.

- **Develop process performance measures:** the performance measures enable the evaluation of the SSC progress. The development of performance measures serve to create SLA's and pricing arrangements with customers and it is a tool to measure the employees' performance. This measurement must rely on the key performance indicators (KPI's), which will signal whether or not value is being created and strategies are being achieved.

2.4.1.3 Implement the SSC

The third phase concerns the migration itself, the implementation of the shared services organization, which focuses on change management and also on process improvement.

- **Developing the change management plan:** The change management plan focuses on minimizing the overall business risk to the organization, the disruption in service to customers and the impact on employees of such change. This plan tries to reduce or even eliminate misunderstanding and miscommunication, in order to also reduce the resistance to change by all stakeholders.

The plan must comprise the rollout plan, where the project team will decide whether to implement changes incrementally or all at once, which may depend on various factors, such as: the budget available; recruitment and training, to ensure that the staff moving to the SSC has the skills needed to perform those tasks; and change management strategy, comprising the balance between business units and employees and aiming to build a continuous focus and a commitment to migrate to a new structure, in order to reduce resistance and increase motivation. Open communication between all stakeholders is essential for an effective change management.

- **Promoting a cost-conscious, customer-focused mindset:** The implementation of a SSC requires a quite radical change. Most of this change passes from changing the individuals' behavior as well as the all organizational culture. The challenge here is to center that change on cost and customer focus service.

2.4.1.4 Optimize the shared services

Finalizing the previous tasks, the implementation process itself is finished and the fourth phase of a SSC implementation starts: the optimization of the shared services. At this point, the project team must pay attention to potential improvements to optimize the

processes and provide an even more quality and efficient service for customers. The SSC must be monitored during all its life to ensure that the levels of services are met and the customers' satisfaction is increased. During this phase the attention to new techniques and technologies play an important role since it may lead to further services improvements as well as cost reduction – as already mentioned, in as much as an SSC plays in an open market, it is subject to competitive pressures.

2.4.2 Critical Success Factors

The SSC implementation process may lead to some problems which may delay the final implementation. To avoid those major errors, critical success factors (CSF) were identified by some authors, analyzing some organizations that have adopted this business arrangement (Burns and Yeaton, 2008; IMA, 2000; Salmon, 2013; Ulbrich and Schulz, 2014). “Focusing on the right things will mean the business case for change is understood, agreed and achieved” (Boroughs and Saunders, 2007).

The critical success factors are deeply interconnected with the phases of SSC implementation discussed above. Those are related with the development of the project management plan, top-management buy-in and support, effective communication between all stakeholders, overall change management in the organization and the best use of systems, especially IT.

Confronting the CSF and the implementation stages, we can see that in the first phase, strong project management skills are needed, so that the team can explain the advantages of such implementation to the company and stakeholders in general. At this phase, the project must achieve senior level support and buy-in through the careful development of the vision and direction and also the development of the business case for change. An effective communication plan must be designed during the planning phase (the first phase) and should be driven carefully throughout the process, not only to gain staff commitment, but also to maintain them informed about cultural or organizational changes (Burns and Yeaton, 2008). According to Salmon (2013), “communication is part of all components of change management” and must “be timely, meaningful and as direct as possible”.

“Change management provides a structured approach designed to transition an organization from its current state to the desired future state” (Burns and Yeaton, 2008). In the third phase, the development of a change management plan will take place aiming the reduction or elimination of the resistance to change from all organizational levels.

The best use of IT leads to standardization of processes and to increased efficiency, achieving this way the cost reduction goal. The main aim of moving IT to a SSC is the consolidation of various applications operated differently across the organization into a single, common system. This single IT system will allow the SSC to interact with all business units in a smoother, integrated way, and therefore provide better services to customers.

In accordance to Burns and Yeaton (2008), the major negative result faced when implementing shared services concerned people issues, which include the lack of change management, political turf wars and job losses. Moreover, in the same study, the respondents said that the biggest mistake they had made was insufficient change management and that it was also the most significant lesson they had learned. In addition to change management, companies also noted that communication management and stakeholders’ support and good governance and planning are key activities to a successful SSC implementation.

The next section explains how managers must conduct a change management plan and presents, according to Kanter (1985), the motives for people to resist organizational changes.

2.5 Change Management

For decades, managers, consultants and academics studied the transformation efforts in organizations, since they found it is a difficult process (Sirkin *et al.*, 2005). Many studies mention that the failure rate of these changes’ implementations is between 50% and 70% (Azad *et al.*, 2013; Sirkin *et al.*, 2005). In fact, change is needed in an organization, to face the pressures for cost reductions and services’ improvement (Kotter, 1995), and moreover organizations must adapt to deliver rapid results and sustainable growth to face the competitors (Ewenstein *et al.*, 2015). “No business survives over the long term if it can’t reinvent itself” (Kotter, 1995).

Managing change is a tough work for managers and there is no consensus about an ideal path to carry out a successful change program (Sirkin *et al.*, 2005). According to Ewenstein *et al.* (2015), “mastering the art of changing quickly is now a critical competitive advantage”. Each manager may have different perceptions on the initiative, influenced by his or her backgrounds, experiences and points of view (Sirkin *et al.*, 2005). However, “change, and the need to manage it well, has always been with us.” (Kanter, 1985).

To carry out an organizational change, it is important to first ensure the need for change. By analyzing the internal and external environments, managers must define the business problem, and develop a diagnosis of what can be improved (Beer *et al.*, 1990; Kotter, 1995). The development of a business case is essential; employees will always question to what extent change is needed and they will look for answers in the leadership, so managers must confront the reality and design the transformation effort, then demonstrate faith in the future by creating a vision, and finally provide a road map to guide the implementation process (Beer *et al.*, 1990; Fernandez and Rainey, 2006; Jones *et al.*, 2004). The business case will be used to help employees understand the need for change (Fernandez and Rainey, 2006) and also to have top management support (IMA, 2000).

“Getting a transformation program started requires the aggressive cooperation of many individuals” (Kotter, 1995). It is necessary to create a powerful guiding coalition. This group will work together in order to develop a shared commitment to the change effort through the organization (Kotter, 1995). This team must be perfectly aligned and committed to the direction of change, they need to understand the culture and the behaviors that change will bring (Jones *et al.*, 2004). The guiding coalition includes members of all hierarchal levels of the organization (Kotter, 1995) by identification of the leaders who can push down responsibilities and design the implementation effort through cascades (Jones *et al.*, 2004) in order to involve every layer. Leaders must create a “critical mass among the work force in favor of change. This requires more than mere buy-in” (Jones *et al.*, 2004).

During organizational transformation, managers must systematically address the human side (Jones *et al.*, 2004). It is important to mention that change management is about people and, as already mentioned, the major negative result faced when implementing

shared services was people issues (Burns and Yeaton, 2008). During the change, people will be uncertain about their jobs, about what is supposed for them to do, how they will be measured (Jones *et al.*, 2004). People look for leaders where they can get strength, support and direction (Jones *et al.*, 2004) and which have power enough to lead the change effort (Kotter, 1995) to gain commitment of all employees and stakeholders.

Kotter (1995) states that in every successful transformation the guiding coalition developed a “picture of the future” that is easy to communicate and that organizational members find appealing in order to convince individuals for the need for change. The vision defines new roles and responsibilities (Beer *et al.*, 1990) which may be transformed into a strategy with goals and a plan to achieve it. At this point, leaders must provide a timely, meaningful, regular and as direct as possible communication (Jones *et al.*, 2004; Salmon, 2013) in order to ensure that everyone in the organization understands the message, giving them all information needed to solicit their input and feedback (Jones *et al.*, 2004). Managers must communicate as much as possible through multiple channels (Jones *et al.*, 2004; Kotter, 1996; Lewis *et al.*, 2006).

For an effective organizational change, in addition to constant and clear communication, managers must also remove all obstacles that may undermine the vision, and must provide the necessary changes in structure (Kotter, 1996). Through timely diagnosis, managers can assess the organizational readiness for change and eliminate the root cause of all factors of possible resistance to change (Jones *et al.*, 2004). This stage is about engagement with the people who are affected by the proposal change. Finally, Fernandez and Rainey (2006) recall that a successful change requires sufficient resources to support the process and host new activities, and state that the scarcity of resources can hinder organizational change – another obvious, but sometimes neglected problem that may create strong resistance among employees.

Although the plan for change has been designed at the start, during the implementation it will be necessary to constant adjustments to drive results, because “no change programs goes completely according to plan” (Jones *et al.*, 2004). A constant reassessment of the plan is needed; individuals will only have faith in the change effort if, along the way, it produces the expected results. By establishing and achieving short-term goals, and eventually readjusting those goals to circumstances if required, people will feel more

confident and committed to the change effort (Kotter, 1995); in addition, it will bring more innovation and change.

While changes are recent and still not fully anchored into organizational culture, they are subject to regression, “and tradition creeps back in” (Kotter, 1995). As we move to the end of the implementation program, organizations must ensure that the changes are institutionalized to move on to other responsibilities (Beer *et al.*, 1990). All organizational members must incorporate the new roles into their daily routines, and managers must ensure that they do not get into their old behaviors (Fernandez and Rainey, 2006).

Bearing in mind that no single methodology fits every company and that the path outlined above is not a detailed road map to be blindly followed in all change programs, the factors discussed above are critical for a successful change implementation. Moreover, resistance to change during the entire process is an issue to have in consideration, since it can influence the overall success or failure of an organizational change (Azad *et al.*, 2013). The next section develops the reasons why people are resistant to change, and how an effective management plan may reduce or even eliminate that resistance.

2.5.1 Resistance to Change

As we have seen earlier, organizations need to change to adapt themselves to the external and/or internal environment. Many decades ago, Coch and French Jr (1948) stated that resistance is connected to change in a organization, and describe it as “one of the most serious problems” in changes processes. Resistance to change is seen as a natural reaction to change, it is an almost universally accepted mental model in organizational life (Dent and Goldberg, 1999a), and it is management’s job to manage and overcome it (Dent and Goldberg, 1999b; Kanter, 1985). The issue “is sited in individual employees” (Dent and Goldberg, 1999b, p. 46) whose jobs are directly affected (Dent and Goldberg, 1999a).

Resistance to change can be manifested in various ways. Changes in routine activities can be “accompanied by tension, stress, squabbling, sabotage, turnover, subtle undermining, behind the scenes footdragging, work slowdown, needless political battles, and a drain on money and time” (Kanter, 1985, p. 52). Low efficiency and aggression against management (Coch and French Jr, 1948) are other symptoms of resistance to change.

It is important to understand the reasons why people resist changing. Kanter (1985) has analyzed the ten most common reasons people resist change, which are explained below.

In an organizational change, people need to be part of the process for them to feel, somewhat, in control, because change is exciting when it is done by employees, increasing their commitment to change, rather than when it is imposed by managers. According to Dent and Goldberg (1999a, p. 36) study, Flower (1962) states that managers should “give a man an opportunity to shape a change so that he feels it is his own”. Moreover, Coch and French Jr (1948) stress the importance of participation of people in changes that will affect them, which reduces their resistance.

Excess uncertainty is the second reason why people resist. Lack of communication drives to uncertainty; people do not know what to expect in the future and change seems dangerous.

Many organizations are characterized for having low trust between personnel, which may lead to misunderstandings during the change implementation (Kotter and Schlesinger, 2008). Therefore, it is necessary to inform people in a timely way, for them to absorb and assimilate all information and do not be shocked with unexpected news. Kanter (1985)’s third reason is called the “Surprise, Surprise!” factor.

The “different” effect is the fourth reason why people resist change. Employees may perceive that the change will cost them something, and they tend to focus on their own best interest (Kotter and Schlesinger, 2008). Change implies reprogramming employees’ routines at work (for example, altering their relationships with their peers) and maybe even at home. This may cause discomfort, so the implementation team must try to leave unaffected as many habits as possible, to “make people feel comfortable and at home” which is “important in getting employees commitment” (Kanter, 1985, p. 54).

People tend to consider that if change is needed is because things done in the past were wrong (Kotter and Schlesinger, 2008), so they feel stupid for previous action or they feel forced to defend them, hence arguing against change. So, the fifth reason is “loss of face”.

Change implies new competencies, and people may have concerns about their future ability to execute new activities – the sixth reason for resistance; “it feels like start over”

(Kanter, 1985, p. 55). Kotter and Schlesinger (2008) state that all individuals are somewhat limited in their ability to change - although some individuals are much more than others; an organizational change often requires human beings to “change too much, too quickly”. Asking questions is often perceived as being stupid; therefore, employees must be comfortable to remove doubts without judgment from managers.

In seventh place, the ripple effects: changes can disrupt projects that have been planned by the employee, which are not related with the job itself but may be very important to people. The anticipation that these projects may be delayed brings resistance.

Change implies more work, and this is the eighth reason why people resist change. “Change requires more energy, more time and greater mental preoccupation” and it “cannot be done without extra effort” (Kanter, 1985, p. 56). Managers must design a compensation plan to enrol people in the process, to reward their extra work.

The ninth reason relates to unresolved issues in the past that can arise to obstruct the change effort. Past complaints must be listened and responded first, so that managers can have commitment to their coming plans.

Finally, “Sometimes the threat is real, and the rumor mill is right”. During change, is important to avoid false promises. Although people may expect that something negative may occur, they only realize that the thing they have feared is true when it actually materialises, so “it is more humane to do it fast” (Kanter, 1985, p. 56).

Managers must be able to analyze the reasons why people resist and understand what should be done to avoid it, and convert it into commitment to change. People can resist in various ways to change, and although managers tend to think that the proposed way to follow is intuitive, it requires a careful analysis and it should not be taken for granted (Kotter and Schlesinger, 2008); Kanter (1985, p. 56) states that “managers who can analyze the sources of resistance are in the best position to invent the solutions to it”.

Although resistance to change is one of the most dangerous factors in a organizational change, according to Azad *et al.* (2013, p. 345), some studies “provide evidences of the fact that resistance to change alone cannot be blamed for the ineffective implementation of change”. The case study presented in this dissertation intends to contribute with

empirical insights on the implementation of a major organizational change, based on the creation of a Shared Services Centre in a Public University, in which phenomena of resistance were identified and explained through in-depth analysis.

3. Methodology

This dissertation studies the implementation and the main challenges faced during the implementation of a particular public sector SSC. To do that, the steps and challenges to implement SSCs, in particular in the public sector, identified in the literature are used as a benchmark and a structure to the study. The case study approach intends to understand the decisions made by an organization by answering why they were taken, which outcomes were envisioned and how they were implemented (Yin, 2009).

Since it is difficult to study a SSC implementation out of its particular context, an exploratory and explanatory, case-based research was chosen. According to Yin (2009), a case study approach is suitable when the researcher wants to answer the questions “Why?” and “How?”, and has no control over the events being studied.

The organization chosen was *Serviços Partilhados da Universidade do Porto*, SPUP, which is the SSC of the University of Porto. It was formally created in 2009, and although it has already been operating for the last 3 years, its implementation process is still clearly not finished and is still subject to fundamental reevaluations and redefinitions. Therefore, this study may be particularly timely, since the case organization is still in a dynamic stage where multiple issues are still open and multiple options can still be reversed, in particular due to the challenges that have emerged, and will possibly continue to emerge. Therefore, the study may produce useful practical insights for SPUP (and for the University of which the SPUP is a part of), since it will be studied from an external view about the organization. Because this study will hopefully produce in-depth insights on the implementation of a public sector SSC, it may also be able to generate theoretically relevant contributions to the literature.

To develop this study, interviews were conducted, documents were analyzed and relevant meetings were attended. The interviews targeted key personnel of SPUP and UP and they were semi-structured in order to be adapted to each interviewee and also to give me the possibility to deepen some topics perceived as relevant as the interviews unfolded. During the study a meeting with the administrator of University of Porto was held, further identified as UPA. This meeting with a high-profile member of the University (and related with SPUP) not only enabled a first closer contact to the field, but it also allowed to identify and grant access to additional relevant interviewees. Firstly, this study focused

on SPUP motives for the SSC implementation, but a great effort was made to understand the implementation process itself, its development and main challenges. Meetings with staff from various areas were also attended. A meeting with IT staff aimed at the clarification of some changes that this service will have, to better understand their point of view and also have a more global vision of the organization. Staff from the Human Resources and the Financial areas, from one of the UP faculties, further identified as HRS and FS, respectively, were also interviewed and as the coordinator of SPUP workers' commission, further identified as CWC. These people are from different areas in the field and might provide different and complementary perceptions of the implementation process. Specially, with regard to the coordinator of the workers' commission, even though not being part of the SPUP, has been involved in its development, as worked as an interface between the employees and the rectory, and is able to balance both sides of the same history.

Moreover, were use the SPUP website, documents and reports to extract information that were useful to the analysis of the organization. Additionally, many communications about the implementation process were done by e-mail, especially from the working commission to UP's employees, and those e-mails were also used in my analysis.

The multiple sources of information (interviews to various actors, documents and meeting attendance) promoted data triangulation to verify the consistency and credibility of generated data.

As already stated, the main purpose of this study is to analyze SPUP's implementation, as well as the challenges faced by UP during its implementation, namely with regard to change management. This is described in chapter 5. Before that chapter 4 will present the UP and SPUP, where I will describe the history, mission, vision, constitution and other relevant aspects of these organizations.

4. University of Porto and SPUP – introductory analysis

The Republic established in Portugal in 1910, brought important changes in education, namely the creation of two universities, one in Lisbon and another in Porto. The University of Porto (UP) was created in March 1911. It started with two schools, the Science Faculty and the Medical Faculty and ten years later it had already five schools (Engineering, in 1915; Humanities, in 1919; and Pharmacy, in 1921). Due to political motivations, the Faculty of Humanities closed in 1928 and reopened in 1961. Meanwhile, the Economics Faculty was created in 1953.

The April 1974's revolution enabled the creation of eight schools: Institute of Biomedical Sciences of Abel Salazar (1975), Faculty of Science and Sport and Physical Education (1975), Faculty of Psychology and Education's Science (1977), Faculty of Architecture (1979), Faculty of Dental Medicine (1989), Faculty of Nutrition and Food Science (1992), School of Arts (1992) and the Faculty of Law (1994).

Nowadays, the University of Porto is constituted by 14 organic units (faculties) and one Business School, which are geographically spread over three poles. Each faculty is a semi-autonomous unit within the university, with full decision power over its financial and administrative resources and proceeds and also with scientific and pedagogical autonomy.

In addition to the faculties, the UP is constituted also by the Rectorry, which integrates all central government bodies of the institution, and the Autonomous Services SASUP, whose goal is to execute social action policies in order to offer students better studying conditions. More recently, the Shared Services Center of University of Porto (SPUP) and the Sports Center of University of Porto (CDUP) were created, whose objective is to deliver support services to the organic units and organize the university sport and manage UP's sports infrastructures, respectively

The UP has as mission the creation of scientific, cultural and artistic knowledge, with the higher education formation strongly anchored on research, on the social and economic evaluation of knowledge and on an active participation in the progress of communities where the university belongs.

UP is the second largest University in Portugal, with more than 31000 students, offering a broad and diverse list of graduations covering all knowledge areas. It is also the largest scientific publisher in ISI Web of Science in Portugal, representing 23% of the published Portuguese studies.

Looking forward to deliver a better service throughout the university and to control the related costs, the rectory has decided to create a SSC. Those were 2 main motivations which drove to the center's implementation.

During the interview with the UP's administrator, it could be perceived that the need to create the SSC in UP have also arose, from the difficulty to provide "clear and concise" information to the Portuguese Audit Office, as every organic unit had their own methods influencing also the timely response, which can be perceived as the third motivation to the SCC creation. Additionally, the educational budget increasing constraints in Portugal has revealed the necessity to make efficient use of these scarce financial resources. In fact, as previously seen, public organizations face some inherent constraints, namely with regard to financial, legal and political issues.

On the 25th November 2009, the statutes of *Centro de Recursos e Serviços Comuns da Universidade do Porto* (CRSCUP) were published on the Portuguese Republic Diary, stating that it aimed to deliver most of the support resources and services needed to the constituents of University of Porto, from a central location.

According to the statutes of CRSCUP, "The Center of Common Resources and Services of the University of Porto, is an autonomous service of the University of Porto, with administrative and financial autonomy, in the terms of the statutes of the University of Porto, to ensure the common support services to the constituent entities of the University of Porto – the rectory, organic units, autonomous services and groups of organic units." (in *Diário da República*, 2nd Series – nr. 229 on 25th November 2009, dispatch nr. 25900/2009).

As CRSCUP belongs to the University of Porto, and although this is its formal name, it is commonly branded as SPUP, since it operates to deliver services to all the constituents.

According to the statutes published, the SPUP managing body is constituted by a coordination council, a director and an executive council. In turn, the coordination council is constituted by the rector together with the 14 directors (one of each organic unit). The director is selected by the rector after hearing from the coordination council. The executive council is composed by the director and by 4 other members.

Regarding the services provided, the SPUP is, nowadays, constituted by areas such as the legal support, economic and financial, human resources and a projects unit. Those action centers are fully described in the SPUP organic regulation settled by the coordination council, which has the competence to determine the services delivered by the center.

The same regulation, also describes the principles of action, through which SPUP guides its activity, as follows:

- Principle of autonomy in decision;
- Principle of functional dependence;
- Principle of culture of service delivery;
- Principle of dissemination of good practices;
- Principle of processes normalization;
- Principle of evaluation by results;

This center has, according to the projects' monthly newsletter, the following advantages:

- Quality, efficiency and productivity increase through processes' simplification and dematerialization;
- Cost reduction through the exploration of economies of scale and process' standardization;
- More control over service levels via an increased integration and allocation of systems and resources;
- Higher specialization level through an increment of workers' skills;
- Higher support of decision making via a result and performance monitoring policy;
- More availability to strategy implementation through the reduction of the time dedicated to support areas' management.

Although the CRSCUP statutes were published in 2009, the implementation process itself only started in May 2013, after being determined, by the deliberation of 17th April 2013, the organic regulation of CRSCUP. It is however important to state that means were made available to implement the center on May, 2013.

The next chapter analyzes the evolution stages of SPUP since its constitution until now, and it also describes the challenges faced by SPUP in its implementation, relying on the interviews held with the UP's administrator, the human resources staff, the financial staff and the coordinator of the UP's workers commission.

5. Case description and analysis

5.1 Introductory analysis

The creation of a SSC in the University of Porto emerged, as already seen in the previous chapter, from three main motivations. The first one is the need to improve the quality of services provided to the University and the second is related to the control/reduce the related costs through the efficient use of resources. The SPUP implementation was a top-down process, started in the rectory after the necessity to respond clearly and fast before the Audit Office and the Education Ministry, being this the third reason to implement a SSC in UP. The lack of consistency in processes and in the information provided to the rectory throughout the faculties had become a barrier to the processes standardization and also to answer to internal and external customers in an efficient way.

Bearing in mind the objectives of UP, as well as the financial, legal and political constraints derived from a public organization, namely, in this case, regarding the difficulty to reform its human resources, both in hiring and in dismissing, it has never been an option to outsource the services which would be provided by the SSC. Besides this, and according to the literature already presented on chapter 2, the SSC tends to be better if the functions at stake have a long and strategic impact, and that this type of model is likely to result in cost savings, although it has higher implementation costs than outsourcing. Additionally, UP would ensure, under the SSC model, an efficient management of the relationship between all the stakeholders, which would drive to continuous improvement and better use of best practices within the organization.

Once the model was decided and the statutes of SPUP were published (November, 25th, 2009), the SSC had the legal structure to begin its action.

The following section develops an analysis on the steps followed by the UP in order to implement the SSC, and also analyzes the challenges faced by UP during SPUP implementation.

5.2 Stages of SPUP implementation

5.2.1 Steps until implementation (2009-2013)

First of all, it is important to analyze the general provisions included in the statutes of UP, which would be the main guidelines to the SSC implementation in UP. In addition to the definition of the center, described in chapter 4., Dispatch nr.25900/2009 also defined SPUP's mission, the meaning of administrative and financial autonomy and the managing bodies, i.e. its constituents, competences and term of office.

At this stage the scope of the SSC was defined. As described in the article 2nd of the statutes, "TheCRSCUP is responsible for assuring to the constituent entities of the University of Porto the execution of the support services that are requested by the respective representatives or executive councils, within the framework of services previously defined by the Coordination Council of the Center."

Further to the determination of the SSC creation' scope, and given the proximity of the electoral period (both for rector and directors of the organic units), the rector decided, after hearing the directors of the units of University of Porto, that at that moment he would not name a director for SPUP, or even a coordinator council, but he would create the means to proceed with the processes of the shared service center implementation.

According to the Dispatch nr. GR.03/01/2010 from January 13th, 2010 "the statutes of University of Porto establish that the term of office of the Director (of SPUP) and of the rector are coincident"; and since "most directors of the constituent units of University of Porto will be elected in the following months", "it does not make sense to appoint a director for just a few months".

Therefore, an Installation Committee was created - composed of five elements - which had the mission to create, until the end of May 2010, a proposal to be delivered to the managing bodies of CRSCUP as soon as they were constituted, regarding the:

- CRSCUP Internal Regulation;
- Support services to be provided by the center;
- CRSCUP strategic plan;

In fact, these five elements were the team in charge to present a proposal of the scope of the SPUP, including its location, the main functional areas, the detailed functions involved and the processes to be implemented. According to the Report of the Installation Committee dated May 27th 2010, the committee met 13 times until that date, in which it analyzed the services situation and developed the services characterization in the organic units by analyzing the SIGARRA (UP's information system), complemented by interviews with some services directors and a survey sent online to all responsables for the rectory services.

In order to proceed with the implementation, the project team had to ensure the creation of a vision and a direction to be spread throughout the organization. At this initial stage, buy-in and support was essential to gain commitment. The Coordination Council considered important to understand the members' point of view, from both rectory and organic units, on the current situation of UP. Given the impossibility to talk personally with all, individual as well as group conversations were held. However, and in spite of the efforts, it became impossible to listen to all the directors. Therefore, an email containing a questionnaire was sent for all the fourteen directors. Although their response would be essential, only 60% of the interviewed directors answered the questionnaire.

After the election period, the director of the SPUP and the coordination council were selected, under the statutes of SPUP.

On the first stage of the implementation process, the coordination council was supported and counseled by a consultancy firm specialized in SSC implementations. The consultancy firm developed guidelines which accompanied the SPUP process from the services migration until the validation, monitoring and optimizing the service center.

From April 2011, the Monitoring Commission published monthly newsletters (*"Boletim mensal de divulgação do projeto"*). Those newsletters, aimed to inform all the UP community about the objectives and the development stage of the SPUP implementation, described the main steps achieved. Despite the attempt to provide current and concrete information, these newsletters only lasted for 3 months, i.e., the date in which the first implementation stage was concluded (June, 2011), having returned for one month on February 2012.

During this first phase, two proposals were developed which had to be concluded until the end of May 2011. The first proposal is related with SPUP's organic structure, where it is described the SPUP's affected functions and responsibilities, as well as its implementation strategy. Additionally, at the same time, the committee was preparing a responsibility/processes split proposal, specially mentioning each process components that would be assigned to the rectory as well as to the organic units. This proposal included the costing model as the performance indicators for each responsibility/process.

It is important to mention that, the preparation of the aforementioned proposals were presented by the Monitoring Team. However, the team was helped by a group of key actors (people appointed by the directors of organic units and Autonomous Services with expertise in the areas that could be included in the SPUP), in order to understand the specificities of each area process.

According to the June's monthly newsletter, on June 22nd, it was concluded the first phase of SPUP's implementation, culminating on the final proposal presentation to the Coordinating Council. The proposal included:

- SPUP's organic structure;
- Responsibilities split in processes managing;
- Migration plan and change management;

During the first phase of implementation, the SPUP's implementation team, tried to release the project along the UP's employees community. For this purpose, it prepared clarification sessions open to all the employees, monthly newsletters, FAQ's (frequently asked questions), a discussion forum, an e-mail to be used for every needed clarifications, and project meetings (to discuss implementation issues upon a request from the organic units and/or autonomous services).

Finished the first stage, on February 8th 2012, the Coordination Council approved the services that would be provided by the center, which were the legal support, economic and financial, human resources, facilities and infrastructures, information technology and a projects unit, after many project meetings to discuss and improve the proposed program in order to guarantee that the model fits the needs. Further to this decision, proceeded the staff mapping and their allocation to the center, which affected about 380 employees.

On February 28th and 29th 2012, it was presented to all UP community the current status of the SSC implementation. In this clarification meeting, were presented SPUP advantages, the managing body, important milestones undertaken until the end of the first phase and the future phases. It was also exhibited the model to be implemented, the principles of action (as described in chapter 4.) and the responsibility and processes split. The meeting finished with the presentation of the next steps of implementation, which would correspond to the second phase of the UP's SSC implementation.

The second phase included the Organic Regulation proposal preparation, definition of the competences needed to the processes development, infrastructure identification, election of directors, employees training plans, identification and definition. These actions would culminate in the services' effective migration.

5.2.2 Post-implementation revisions (after 2013)

The Dispatch nr. GR.08/04/2013 defined the date of SPUP's operational activity start, which would be next May 1st. It also defined the guidelines which would handle the resources allocation. As from that date, it became effective the new resources allocation, including the new roles applied to each employee and process.

During this phase the migration of the people from the organic units to the Rectory occurred. However, it was defined a transition period between the decentralized approach, to the SSC approach to be implemented by UP. This included an employee integration plan within their new workspaces.

It can be said that as from May 1st 2013, the UP's SSC has officially begun and the activities held through this new organizational model, started with all the services defined operating at the same time, the SPUP implementation team decided to implement the changes all at once. It is important to stress that, although the organizational model is already operating at this time, there were many adjustments to be done, many progresses and setbacks were experienced, which are analyzed next. However, in October 2014, the UP workers commission informed the UP's community, by email, that the information technology area had presented a reorganizational proposal towards their exit from SPUP. This area would constitute a rectory service, later called "UP Digital". In December, it

was presented the model to be followed by UP Digital to all the related employees as well as the ongoing activities to pursue its implementation.

Meanwhile, in November 2014, the Rector said that it was being created a proposal that would solve the already identified problems in SPUP's implementation, namely regarding the service management that was presented to the organic unit's directors on December 10th. This means that at that time had already been identified problems and room for improvement, particularly related to the relation of the employees and their workplaces, proximity management and identification of the need that could save UP's resources.

2 years had almost passed from SPUP implementation and in March 2015, the UP's workers commission, requested to all the UP's employees to participate with comments, reflections and experiences in order to prepare a discussion within the organization about the last occurrences.

Besides the information technology, in March 2015, the facilities and infrastructure area were not part of SPUP. By that time, the SPUP only provided services related to legal support, economic and financial, human resources. It also had a projects unit.

Notwithstanding the efforts to implement and improve the SSC, the UP was continuing to "contract legal and external financial economic services, which were contradictory to the objective of taking full advantage of resources and efficiency optimization", according to the disclosure email from the working commission, on April 25th 2015. Additionally, they perceived a mismatch of the bureaucratic implemented model and the necessary resources, which resulted in "resources waste, demotivation, frustration and desperation". It was necessary to "strengthen the rectory services through the implementation of a new, simple and effective, model".

On June, 2015, was decided the new model to be implemented afterwards, "the UP understood they were wrong about the implementation process, so they stepped back in order to guarantee that even smaller, it can provide a better and more specialized service" (CWC).

According to this new organizational model, the organic units were not anymore obliged to be part of SPUP. In fact, SPUP became a service provider where the organic units

choose which services they want SPUP to provide to them. This reorganization also included the staff, they were questioned about where they would like to work and to whom (SPUP or organic units) they want to be affected. According to CWC, when SSC staff understand they can be “supported by others to become better, they won’t choose to be worse”.

Finally, and regarding SPUP’s optimization, the team in charge should pay attention to improvements that should be made. According to the May 2011 newsletter, the forth phase of the SPUP implementation will include the development of a managing control indications which would enable the measurement of the SSC performance. As we have seen, since SPUP’s implementation on May 1st, 2013 that many advances and setbacks were observed, and according CWC “It could not happen such a big change, if there were no errors, that’s why I do not give these two years as lost”. She meant that the process of surpass the difficulties and make mistakes enabled the SPUP’s implementation.

5.3 Challenges faced by SPUP

In the previous section, it has been described the stages of SPUP implementation, however, as mentioned above, there were advances and setbacks. It would be necessary to look, especially into the problems that delayed the implementation process itself. By analyzing the problems faced by SPUP while implementing the operational model, it would be easier to understand and analyze the challenges faced by SPUP.

5.3.1 Resistance

During the interview with the UP’s administrator, he identified the major challenge faced during the implementation: “an enormous resistance”, because it had challenged the existing organizational culture. He added that “every time such a deep change is done, things do not change from one day to another”.

It would be necessary to understand from where resistance had been raised: if it had been raised by the UP’s units directors or by the staff or alternatively by both directors and staff.

According to the UPA, the UP’s units directors heard and they gave their approval to the SPUP’s constitution, as they were part of the coordination council. In fact, according to Carvalho (2014), most of the directors agreed on the importance to constitute a shared

service, which would bring efficiency and cost reduction to the university. However, according to the CWC, during the implementation, directors felt as they were losing autonomy. At that phase, they were conscientious about the impact of workers transfer to the rectory, and consequently about the desertification of the organic units concerning the services previously locally provided. It is important to mention that the SPUP implementation has never taken administrative and financial autonomy to schools, as such, directors do not understand the reason to give up staff to SPUP, if the answers to their request were not efficient in the new model.

In a preliminary phase of SPUP's implementation, the directors had not observed any efficiency nor even a fast response to the requested services. This drove to resistance in transferring the staff to the rectory in order to work in SPUP. In fact, according to UPA it would not be understood, at this stage, a notable progress derived from the SPUP implementation, and it could also be perceived some setbacks, namely the time necessary to provide a service that otherwise would be provided faster, even though not always complying with all required processual steps. However, it would be important to mention that according to the UPA, the services were being provided under the new directresses defined by the monitoring commission, and would drive to more efficiency in the future. This view was also shared by the CWC adding that the organic units had not given the SPUP the opportunity to follow that guidelines.

In addition to the above mentioned factors promoting the emergence of resistance, the case study identified a number of other challenges that directly or indirectly drove resistance to the implementation process, and which are analyzed next.

5.3.1.1 Communication

The complaint most heard from the staff side, was the communication, or the missing communication. The CWC stress a "serious problem in communication".

Additionally, both interviewed, HRS and FS, said they were not listened and had pointed out some situations, such as:

- The staff was not well informed as it has only been explained general SPUP guidelines, so they felt afraid to express themselves;

- The staff allocation between the rectory and the organic units had been done through nominative lists, which meant that the Monitoring Team had decided which people to move without listening their opinion about this change, having brought uncertainty to staff;
- They do not know what was expected from them in their new role;

According to the UPA the communication should be performed by the areas directors, however, due to the existing pressure they had not time to focus on both communication and processes and “the focus on processes lead the organization and the management to a secondary role, even though management is an essential area to maintain people motivated”. The HRS state that people unmotivated would drive to neglect the way work should be done, and the CWC said that “workers should understand their job conditions to be motivated in their work” and “there wasn’t the necessary sensibility to know that when we stir with human resources we must take into account their dignity, in sense of having the minimum participation into their active and professional life”.

Thus, employees will always question the need for change (Beer *et al.*, 1990; Fernandez and Rainey, 2006; Jones *et al.*, 2004). According to CWC, after been experienced conflicts, it is not easy to install processes, because people do not participate in the change process, and “staff is always questioning the processes and the working methods” imposed by the directors (UPA).

As previously seen, the SPUP’s implementation team had prepared clarification sessions, monthly newsletters, FAQ’s, a discussion forum, an e-mail to be used for every needed clarification, with the objective to inform people about the organization changes that were about to happen. Nonetheless, staff insisted they were not informed about SPUP. They added that the implementation team “has gone through the implementation without having expressed the project vision to the workers” and in order to rectify it they prepared two clarification sessions to explain the project.

The coordinator of UP’s workers commission had identified the lack of communication as a serious problem, but has not assigned the overall responsibility to the managing bodies. In fact, the CWC stressed that even though the amount of communication did not reveal enough, the managing bodies communicated “as much as they thought it would be

necessary”. “It is important to say that workers are guilty on the alienation to what respects to them”, from 4.000 UP workers, only integrated the center about 400 workers, so workers had always thought that migration would only happen with others, as such, when the managing bodies tried to enquire workers most of them did not reply, or because “they had not seen, or they had forgotten, or they thought it was not for them”.

From the other side, and with respect to staff, they informed that, after the migration normative lists imposed by the implementation team (defined on the first phase of the implementation process, which affected about 380 employees), the directors of the organic units communicated that all of them would be asked to give their opinion about their integration in SPUP, however it has not happened and “they were faced with new directors”. According to the UPA, from these transferred employees, only about 30% had effectively move their workplace to the rectory, the others had remained in the organic units, even though working to SPUP. For this last situation, the directors had chosen people which would constitute the so called managing support units that would be the interface between the people in the faculties and the directors of SPUP. Some of them had worked to the SPUP and to the organic unit at the same time.

Working in the faculties and providing services to SPUP had created some discomfort and uncertainty to staff. Questions had been raised: Who should we respond to?, Which are my objectives?, How will I be evaluated?. These uncertainties lead to the next identified challenge: the existence of double hierarchy and uncertainties about staff objectives and evaluations.

5.3.1.2 Double hierarchy, staff objectives and evaluation

In fact, according to the HRS, people working for both, SPUP and faculties, and even providing services for SPUP are working in the faculties, lived a problem of double hierarchy. First of all, the SPUP directors (people responsible for staff evaluation) did not have total perception of the work performed by the staff in the faculties as they are distant, additionally, in the case of people working under two directors (SPUP and organic units) felt that the organic units priorities are incompatible with the SPUP priorities, which raised some control problems. The HRS, had also mentioned that there were people working one day in the rectory and another in the faculty generating work disorganization, as the employee did not have a working guideline. The CWC stated that “who has two

houses has no soul”, adding that this situation “is not productive for any side” (SPUP and faculties), generating “instability, working deficit and low productivity”.

The other problem regarding the double hierarchy and working in both locations, is the description of each staff objectives for the period and its evaluation. The CWC asked “How is it possible to evaluate someone who is geographically and hierarchically distant?”, responding then “impossible”.

On May 2013, the objectives for the period (2013 and 2014) were defined for each staff in the organic units. However, according to the FS, upon staff migration to the center, the defined objectives were not adjusted to their new roles, and people were not able to accomplish the proposed objectives for the period. This event has triggered a flagrant injustice between the staff, as most of the people had already accomplished many objectives, but they felt they could not accomplish all of them, due to their transference to SPUP, and it could be reflected on their evaluation afterwards.

In fact, according to the HRS and FS, the staff evaluation should have been done at the end of the 2014, but it was not due to the incapacity to provide clear and fair feedback to staff working under both leaderships, and the last evaluation performed (in the previous year) has remained. Moreover, the HRS added that, if from one side, some people were pleased about their evaluation since in the previous year their evaluation was positive, from the other side, people felt they had been treated unfairly, as in 2013 and 2014 they were overloaded and this had not been reflected in their evaluation.

“Two years passed, and no evaluations had occurred” (HRS). For the following years, it would, in principle, been displayed, for staff working for both services eight objectives, where four would be defined by SPUP directors, and the remaining four by the organic units directors.

Regarding the evaluation, the process itself has revealed a failure. As mentioned above, the managing support units were named by the organic units. The people which constitute these units were responsible to communicate the performance of the staff from SPUP who were working in the organic units to the SPUP directors who are responsible for their evaluation, but, “there are people who might please the local management, and the feedback provided to SPUP by them would be brilliant, however, the opposite can also

happen” (CWC). Furthermore, the SPUP directors rely on the managing support unit feedback when evaluating the staff and are “subject to the partiality of those who pass the message.” (CWC). At that time, assist to the “discredit of the evaluator before the evaluated” (CWC).

In terms of conclusion, and according to CWC, the SPUP implementation has been through 2 phases. The first phase characterized by “management imposition” where was assisted an “implementation by decree”, and the second one characterized by the “inclusion of staff in the project”, where “everyone acts in good faith”.

Every interviewers concluded that as from 2013 had assisted to improvements, even though they were slower than was expected at the beginning. “I am pleased to know that after two years, people are much more sensitized to their professional live without major claims (...) and also that the managing bodies are much more prepared (to proceed with the implementation) based on the committed errors” (CWC). The coordinator of the working commission concluded that “We have now conditions to have a shared service center with motivated people that can provide the clients (organic units) as had been imagined (...) it is all on the table”.

5.3.1.3 Duplication of work

One final issue relates to work duplication in the financial area. Staff reported that during the first year of implementation, there was duplication of work: “activities that should be done by the SPUP were also done by the service in the organic unit, which drove to loss efficiency” and leads to “more work” (HRS).

The situation described above, related to the SPUP services not complying with expectations, was not only perceived by the directors. According to the interviewed staff of the financial area, and besides agreeing with the proposal for the SPUP constitution, “there are tasks requested to the center that take much time to be performed”. The human resources area staff, shared the same idea.

Besides the attempt to the control/reduce the costs through the efficient use of resources, UP had hired staff to work in the center, which, according to an interviewee, “is a sign of lack of organization”.

As well as the directors, the staff did not feel that they are taking advantages of this new model. It is important to stress that unlike the directors, the staff did not feel informed about this new UP's operating model. If from one side, people got and felt involved in the implementation process by giving their opinion and being heard, from the other side, people felt as they do not belong to this organizational change – which, again, leads us back to another issue of communication, an area whose failure compromised multiple aspects of this implementation, as amply documented in this section.

6. Discussion

This chapter compares the analyzed case study with the literature reviewed on chapter 2. Firstly, it describes the motivations which drove to the SPUP implementation in comparison to the main objectives observed in the literature why organizations choose this type of organizational model. Further, it compares the steps followed by UP and the phases for implementing a SSC described in the literature review, where will also be analyzed whether or not the monitoring committee gave the necessary importance to the critical success factors in each phase of the implementation. And finally, it would also be analyzed the challenges faced by SPUP during the implementation and concluded about the change management impact on the SPUP implementation.

6.1 Motivations

As seen on chapter 4. the statute of SPUP defined that the center will ensure the common support services to the constituent entities of the UP, which corroborates the definition presented by Bergeron (2003) where it's stated that a SSC is a "collaborative strategy in which a subset of existing business functions are concentrated into a new, semi-autonomous business unit". Additionally, the main motivations which drove to the creation of a SSC in UP were the delivery of a better service to the UP constituent units which was defined by Davis (2005) and Ulrich (1995) as one of the advantages to implement this kind of arrangement model and to control the related costs, benefit quoted by Quinn *et al.* (2000), being normally the most observable motivation to implement a SSC (Deloitte, 2013; Triplett and Scheumann, 2000). In fact, as mentioned before, UP is a public organization and it is important to mention that it should be capable to manage properly its public funds to provide the desired quality services to the whole organization, being this one of the main differences stated by Janssen and Joha (2006) between the motivations to implement a SSC in the public or private sector.

6.2 Stages of SPUP implementation

As expressed on the literature review, "there is no one implementation approach that is right for every organization" (IMA, 2000). It is necessary to look then to the organizations specificities. First of all, it is important to stress that the first phase of SPUP (2009-2013), described in subsection 5.2.1, corresponds to the phase of assessing opportunities and SSC design expressed in the literature. The second phase of the SPUP implementation

(after 2013), described in subsection 5.2.2, corresponds to the implementation stage itself, as observed in the literature review. The phase of evaluation and services optimization occurred after the SPUP's implementation, as recommended in the literature, and has been discussed in subsection 5.2.2 and complemented in section 5.3.

6.2.1 Until implementation (2009-2013)

Concerning the SPUP first phase, we have seen that according to the statutes of SPUP, the managing body is constituted by a coordinator council, a director and an executive council, but in spite of naming a coordinator council, as the electoral period was approaching, the rector chose an Installation Committee, which was the team in charge to begin with the works which would drive to SSC implementation, this step corresponds to the step "organize and build the project team" which was presented in the literature "Assess opportunities" phase, according to IMA (2000).

As previously mentioned, the Installation Committee's mission was to present a proposal, on May 2010 of the support services to be provided by the center and also to propose a strategic plan to follow through the implementation. Those actions are also described in the literature review on subsection 2.4.1 as belonging to the first phase of implementation, which has been named "Determine the scope of the effort". In order to conclude about the services which would be provided by the center, the team analyzed and characterized its situation through interviews to many key actors and sent an email to ensure all directors were listened, these processes enabled the understanding of the current situation and processes of UP. Although feedback was not actually obtained from all relevant parties, through this step the team built an understanding of the current processes, which was defined on the literature as being an important step to proceed with the SSC implementation.

The Monitoring Commission in charge for SPUP implementation prepared monthly newsletters. Those rely, especially on the steps which have already been done, future actions and also on SPUP's objectives and main advantages. According to IMA (2000), the development of a business case for change would be part of the first phase of implementation. Through the presentation of SPUP objectives and advantages, it would be easier to explain how this new operating model would facilitate the execution of activities. Furthermore, the understanding of the advantages derived from a SSC would

culminate in less resistance and more acceptance to change. Although the team tried to communicate the advantages to the UP's stakeholders, it was notorious that they failed to account, for example, on the costs, namely the costs related to the employee himself. When explaining the benefits, the implementation team had specially relied on the benefits, however had not explained the necessity to the migration from the organic units to the rectory, for example, which caused uncertainty between them.

On the literature review first phase, Assess Opportunities, is expressed that during this phase, it should be given to the enrolled staff, the maximum amount of information, since, as stated in subchapter 2.1, meaningful and clear communication would stimulate staff commitment and it is important to support this organizational change. However, according to the interviews with HRS, FS and CWC, it was conclusive that this phase was not accompanied by an effective communication throughout the staff. However, the CWC added that, even though the team in charge had engaged to explain the SSC approach and performed relevant meetings to the staff, they would not attend since they were not obliged to.

During the first phase of SPUP implementation, the Monitoring Commission presented two proposals. The first one regarding the split functions and responsibilities of SPUP and the second one where it was described the services that should be provided by the rectory and the organic units, and each process' components. These tasks correspond to the designed standard processes, described on the second phase of implementation on the literature. Additionally, as seen in subsection 5.2.1, the proposals also included the costing model as well as the performance indicators to the given processes. The creation of performance measures would enable the creation of SLAs which, according to Salmon (2013) are seen as governance tools, as the SLA are used to provide and monitor the services provided (Herbert and Seal, 2010).

In addition to the above mentioned proposals, the Monitoring Commission also presented a proposal of a migration plan and change management which according to the literature review is needed to reduce the resistance to change from all organizational levels and is also referred in the step "Developing the change management plan" (phase described in subsection 2.4.1) whose objective is to reduce/eliminate misunderstandings in order to reduce resistance. In this proposal, the team verified the number of people that develop

activities related with the processes that could be eligible to be performed by the center. After approved, the services that would integrate the SPUP, proceeded to the staff mapping and their allocation.

Even being considered into the first phase of the SPUP implementation, the design of the SSC corresponds to the second phase presented in the literature review. Additionally, and even though the first phase of SPUP implementation has been concluded, it is important to mention that the phase regarding the development of the SSC governance structure (stated in subsection 2.4.1.2) only occurred in the second phase of the SPUP implementation, according to the presentation to the staff on the 28th and 29th February.

After being named the directors of SPUP, and due to the physical distance between directors and staff, in the case of staff that works from the organic units to the SPUP, it was necessary to constitute the managing support units that would be closer to the staff and would provide to directors feedback about their performance. As seen in the literature, the governance structure development is important since the governance is responsible to outline the goals and rewards. However, as explained earlier, the objectives were set before the SPUP implementation and were unadjusted to the new staff roles. Without set objectives, directors cannot evaluate the staff and reward would not occur. Only two years after the implementation new objectives were set to the staff. Furthermore, the implementation process assisted to a problem of double hierarchy, which may have arisen from a poor definition of the governance structure.

During this first phase, the team should have ensured the senior level buy-in and support through the creation of a vision and a direction, according to the CSF described in the subsection 2.4.2. It can be said that the senior level support was accomplished since the directors of SPUP were involved in the SPUP implementation by having agreed on the importance to constitute the SSC in UP. Besides the senior level support, and regarding the second phase described in the literature, the project team should have insured an effective communication. It was seen, in the previous chapter, that during the first phase of SPUP implementation, the project team created means to communicate the project to the SPUP stakeholders. However, communication was described on the previous chapter as one of the challenges faced by SPUP, as according to the HRS and FS the staff was

not duly informed about the implementation process, i.e. the communication was not effective.

6.2.2 Post-implementation (after 2013)

The following phase was the implementation stage, which had officially begun on May 1st, 2013. During this phase it was assisted the migration of people and services to be performed in SPUP. As stated before, the implementation stage included the Organic Regulation proposal preparation, definition of the processes development needed competences, infrastructure identification, election of directors, employees' training plans identification and definition. According to IMA (2000), this phase rely specially on change management and on process implementation. It is important to state that the change management proposal was presenting during the first phase of SPUP implementation.

It can be said that after the effective migration of the staff and services the phase 3 and phase 4 described in SPUP and in the literature, implementation of the SSC and optimization of SSC, respectively, came along. As described in the subsection 5.2.2, the first model chosen to be implemented in SPUP failed since it was found bureaucratic and also not complying with the objectives settled to SPUP, and a new operational model was settled. The new organizational model emerged from an attempt to improve the first implemented model by correcting the mistakes done during the first model implementation. The services defined to be provided by the SPUP were integrated all at once, however, according to CWC an incremental change would have been better but “when we have symptoms (about what went wrong) is much easier to understand the origin of the problem”. Before the implementation of the second model on June, 2015, the information technology area and facilities and infrastructure area had already left the SSC.

The critical success factor associated to the third phase of a SSC implementation is the effective change management, which would be done through the creation of a change management plan. The SPUP implementation team prepared an employee integration plan that would prepare the transition between the decentralized model and the SSC approach which would assist the change management proposal. This would safeguard a smooth integration from people into the SPUP. However problems arisen due to

miscommunication with the staff and also due to the feeling of lost autonomy by the organic unit directors which caused resistance. Burns and Yeaton (2008) state that the major negative effect when implementing a SSC is the people issue.

As from 2009, the beginning of the SPUP implementation process, the team in charge created initiatives to communicate the project throughout the UP stakeholders. Even if those initiatives have not revealed sufficient (HRS, FS and CWC), the CWC stated that the implementation team communicated as much as they thought it would be necessary.

In first instance, the implementation team reached the organic unit directors by explaining the necessity to approach this new organizational model. Their acceptance revealed important to the SPUP constitution, as they gave their approval, as well as contributed with their opinion. With regard to the communication to the staff, since, as mentioned in the previous chapter, the staff was not informed about the SPUP vision, they were not committed with the new operational model. By analyzing the subchapter 2.5 in the literature review, can be seen that the most important thing in the change management is to ensure an organization-wide perception of the need for change. If from one side, directors were informed about the SPUP advantages, the staff was not, and so, being not able to understand the need for change, they were not engaged with the organizational change. Additionally, an organizational change must involve everyone in the organization. According to Kotter (1995), to perform a transformation is necessary the cooperation of individuals which would develop a shared commitment through the organization, and those individuals should be capable to act as leaders by pushing down the need for change and involve every layer. According to UPA, the area directors were the people in charge for top-down communication, but they had no time since they were much more focused on implementing processes.

Furthermore, when the services and staff migrated to SPUP, questions arose regarding the staff professional life. In fact, this organizational change brought uncertainty. It is important to bear in mind that according to Jones *et al.* (2004) managers must address the human side, nevertheless CWC stated that during the SPUP implementation “there wasn’t the necessary sensibility to know that when we deal with human resources we must take into account their dignity, in sense of enabling them at least some participation into what affects their lives”.

Thus, people should be requested to give their opinion and get involved with the organizational change. It has been seen that having passed more than two years from SPUP implementation when the workers commission asked staff to give their opinion about the last occurrences. Notwithstanding the above, if the staff was not listened before, was not because the managing body was not available to receive complaints and suggestions or because the Monitoring team had not provided communication means. According to CWC, people do not express themselves due to inertia and a “relaxed” attitude.

In November 2014, the Rector informed that it would be created a proposal that would solve the problems identified during the implementation, which would be presented on December 2014. Besides the attempt to solve the diagnosed problems, on March 2015, the facilities and infrastructure area left SPUP, and on April 2015 the worker’s commission informed the implementation of a new organizational model. According to Jones *et al.* (2004) through a timely diagnosis, managers can eliminate the root cause of problems. In the SPUP implementation was noted that only after making mistakes, and only after two years from the beginning of the SPUP implementation, the team made notable adjustments to the initial proposed model. The CWC assigns the mistakes and the delay in the implementation to the “inexperience all had during implementation”. Moreover, during the implementation of the second model, the implementation team had included the staff in the change effort, as stated on the subsection 5.2.2.

6.3 Resistance

As happens in the steps to follow to implement successfully a SSC, there is not a single methodology regarding the change management that fits every company. According to Azad *et al.* (2013) the resistance to change is an issue that can drive to a SSC implementation failure. A good change management plan would lead to the reduction of resistance during the period of change.

By analyzing the SPUP case study, it can be easily identified factors that delayed the SPUP implementation. UPA, mentioned “an enormous resistance” from both organic unit directors and staff as a cause of delay in SPUP implementation. Thus, during the first year of SPUP implementation, witnessed to the duplication of tasks, which lead to more work. It is important to bear in mind that according to Herbert and Seal (2010), standardization

and elimination of duplication are goals of a SSC arrangement. Furthermore, people felt as they did not belong to the organizational change, due to miscommunication during the whole implementation process which was defined by CWC as a “serious problem”. Without clear and concrete communication, staff felt uncertain about their future since they do not know what is expected from them. Finally, regarding the double hierarchy and staff objectives and evaluation, people felt treated unfairly as they were exposed to bias.

Confronting the mentioned factors with the reasons described in the literature as the reasons why people resist changing, we can observe some similarities. According to Kanter (1985) the three most common reasons why people resist changing are the “loss of control”, “excess uncertainty”, “surprise, surprise” factors, which are the same as the reasons stated above. The first one is related to the sense of not belonging; the second is related with the uncertainty about the future and the third one is related with low trust among the personnel due to the perceived bias in evaluation. Finally, was also described in the case study the reason eight, which corresponds to more work.

6.4 Concluding remarks

It is important to mention that even though the SPUP implementation has been delayed and the first model to be chosen did not fit totally the requirements as it drove to some problems, SPUP had proceeded with its role. As mentioned, the setbacks were important to boost the implementation after the second model was designed.

As stated in the literature review, according to Sirkin *et al.* (2005), managing change is a tough work, and it is important to ensure, between the involved stakeholders, the need for change. The implementation team “are now much likely capable to give a step back when mistakes are made” (CWC).

7. Conclusions, limitations and suggestions for future work

This chapter presents the main conclusion taken from the discussion presented in the previous chapter and the study limitations and future researches on this theme.

7.1 Conclusion

The main goal of the present study was to analyze the steps followed by SPUP when implementing a SSC model in the UP. Additionally, the study aimed to present the challenges faced by that organization during its implementation. In order to proceed with the study, two research questions were addressed “What were the stages for implementing the Shared Service Center SPUP?” and “Which were the implementation challenges faced by SPUP?” In order to meet the defined objectives, a qualitative, exploratory approach was selected, and a case study was the basis of this research.

To study the organization, relevant documents were collected and face-to-face meetings with key personnel of UP were held. In order to answer the first research question, the analysis of the available documents was crucial. Since the implementation had already occurred, the description of the steps pursued was essentially based on historical facts. Regarding the challenges faced by UP during the implementation, these were mainly described in the interviews held with the key personnel of UP. It is crucial to understand that the interviewees were differently involved in the SPUP implementation process, from the managing body side (UP’s administrator), the staff (Human Resources staff and Financial staff) and the coordinator of Workers commission, who acts as a link between the managing body and the staff.

In order to conclude about the first question proposed in this study, a comparison was made, in the previous chapter, between the steps followed by the SPUP implementation team, and those described by IMA (2000) on subchapter 2.4. It was concluded that the overall SPUP implementation followed the proposed tasks, and even though it did not follow the order presented in the literature, it has to be considered that “there is no one implementation approach that is right for every company” (IMA, 2000). However, it was particularly notable during the “Design the SSC” phase that the step regarding “Assess business risks and control environment” was neglected. Furthermore, the SSC governance structure was only suitably defined on the third phase of the SPUP implementation and

the activity regarding the development of the service level agreements was only conducted in the phase related to the optimization of the shared services.

The accomplishment of the critical success factors by the SPUP implementation team was also analyzed. As expressed in the previous chapter, an effective communication was not visible by the staff throughout the implementation process, although this is a CSF described in the literature for the second phase of implementation. The UPA agreed that directors did not have time to accomplish this task, which proved to be essential. Moreover, in the implementation stage itself (the second phase in the SPUP case study and the third phase in the literature), the team should have insured an effective change management plan – and according to Salmon (2013), “communication is part of all components of change management”.

This study highlights that the major challenge faced by SPUP was the resistance to change. The UPA stated this problem during the interview. However, it can be now understood the reason why people resisted. The first and most important phenomenon is related with communication. In many phases of implementation process, communication was perceived as a milestone (e.g., the launch of the first newsletter), but proved to be insufficient for undertaken change process. Missing communication was also underneath the emergence of others symptoms described in the literature as the most common reason why people resist change expressed by Kanter (1985), such as the sense of non-belonging, uncertainty and low trust in personnel.

The study was not conclusive about whether there was a single factor to be responsible to the delay in the SPUP implementation; however, it can be said that in principle we can attribute much of the responsibility to communication problems.

7.2 Limitations and future research

This study presents some acknowledged limitations. Firstly, to conclude about the steps of SPUP implementation, it was given particularly relevance to documental data such as the SPUP website, documents, reports and exchanged communication emails. Even though those documents describe the SPUP implementation, they did not cover all the important steps followed that would be relevant to this study. Therefore, future research

could address this topic by interviewing additional people who closely conducted the SPUP implementation and were present in the SPUP decision processes.

Another limitation concerns the results presented in subchapter 5.3 related with the symptoms expressed by the staff transferred to SPUP. Those insights were obtained through the interviewees, which are not part of the staff transferred. Thus, it would be relevant, on a further analysis, to conduct a questionnaire and also hold face-to-face open interviews with the staff enrolled in the SPUP, to directly obtain their views and get their first-hand experiences on the process.

Another restriction is the small sample of interviewees. The interviewees represent different areas in the field, and even though they provided different and complementary perceptions of the implementation process as well as on the challenges faced by the SPUP during the implementation, the study could be more conclusive if additional interviewees were obtained. Accordingly, the study could include, besides the staff enrolled in the SPUP mentioned above, additional interviewees such as organic unit directors, staff from the Monitoring Commission and others.

Finally, this study was done during a period of transition, when the first implemented model was rejected and a second model was about to be implemented. Therefore, future research can analyze the challenges faced by SPUP during the implementation of the second model and compare these challenges with those observed during the first model implementation. It would be important to take into account the experience gained by the SPUP managing bodies and analyze to what extent it has allowed to avoid some of the problems experienced in the first implementation.

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